

Annual Financial Statements

for

KAMIESBERG MUNICIPALITY

for the year ended 30 June: **2010**

Province:

Northern Cape

AFS rounding:

R (i.e. only cents)

Contact Information:

Name of Municipal Manager:	G Maarman
Name of Chief Financial Officer:	Vacant
Contact telephone number:	027 - 652 8000
Contact e-mail address:	gertm@kamiesberg.co.za
Name of contact at provincial treasury:	L. van den Heever
Contact telephone number:	082 889 0470
Contact e-mail address:	lvandenheever@sp.ncape.gov.za
Name of relevant Auditor:	Office of Auditor-General (Gert Kruger)
Contact telephone number:	053 - 831 1016
Contact e-mail address:	
Name of contact at National Treasury:	Irene Mathatho
Contact telephone number:	irene.mathatho@treasury.gov.za
Contact e-mail address:	012 315 5079

KAMIESBERG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

General information

Members of the Council

M.R. Klaaste	Mayor (Appointed 01 March 2006)
M.J. Cloete	Member (Appointed 01 April 2009)
W.D. Fortuin	Member (Appointed 01 March 2006)
L. van Wyk	Member (Appointed 01 February 2008)
M.M. Steenkamp	Member (Appointed 01 March 2006)
M.S. Joseph	Member (Appointed 01 March 2006)
M.J.B. Hanekom	Member (Appointed 01 March 2006)

Municipal Manager

Gert Maarman

Chief Financial Officer

Vacant

Grading of Local Authority

Grade 2

Auditors

Auditor-General

Bankers

First National Bank

KAMIESBERG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

General information (continued)

Registered Office: Kamiesberg Municipal Offices (Garies)

Physical address:

Hoofstraat 22
Garies

8220

Postal address:

Privaatsak x 200
Garies

8220

Telephone number: (027) 652 8000

Fax number: (027) 652 8001

E-mail address: germ@kamiesberg.co.za

KAMIESBERG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 62, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 34 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager: G.Maarman

DATE

KAMIESBERG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

Index	Page
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Accounting Policies	9-19
Notes to the Annual Financial Statements	20-52
Appendix A: Schedule of External Loans	53
Appendix B: Analysis of Property, Plant and Equipment	54-55
Appendix C: Segmental Analysis of Property, Plant and Equipment	56
Appendix D: Segmental Statement of Financial Performance	57
Appendix E1: Actual versus Budget (Revenue & Expenditure)	58
Appendix E2: Actual versus Budget (Capital Expenditure)	59
Appendix F: Disclosure of Grants and Subsidies	60

KAMIESBERG MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2010

	Note	2010 R	2009 R
ASSETS			
Current assets			
Cash and cash equivalents	1	689 501	321 907
Trade and other receivables from exchange transactions	2	4 821 958	3 409 523
Other receivables from non-exchange transactions	3	2 898 324	4 061 536
Other current financial assets	4	-	-
Inventories	5	-	-
Prepayments	6	-	-
Investments	7	874 677	393 384
Current portion of receivables	8	-	-
VAT receivable	18	162 172	462 230
Construction contracts and receivables	9	-	-
Non-current assets held for sale	15	-	-
Non-current assets			
Non-current receivables	8	-	-
Investments	10	-	-
Other non-current financial assets	4	-	-
Property, plant and equipment	11	362 751 517	362 046 357
Intangible assets	12	-	-
Investment property carried at cost	13	-	-
Investment property carried at fair value	13	-	-
Biological assets	14	-	-
Defined benefit plan asset	52	-	-
Total assets		372 198 148	370 694 937
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	16	7 812 110	8 838 527
Consumer deposits	17	17 977	14 372
VAT payable		-	-
Taxes and transfers payable (non-exchange)	19	-	-
Current provisions	20	1 010 967	541 510
Bank overdraft	1	-	1 056 084
Current portion of unspent conditional grants and receipts	21	4 878 483	-
Current portion of borrowings	22	147 702	91 287
Current portion of finance lease liability	23	228 826	-
Other current financial liabilities	24	-	-
Non-current liabilities			
Non-current unspent conditional grants and receipts	21	-	-
Non-current borrowings	22	925 038	1 235 856
Non-current finance lease liability	23	521 627	-
Other non-current financial liabilities	24	-	-
Non-current provisions	25	-	-
Defined benefit plan obligations	53	-	-
Total liabilities		15 542 730	11 777 637
Net assets		356 655 418	358 917 301
NET ASSETS			
Reserves		-	-
Accumulated surplus / (deficit)		356 655 418	358 917 301
Total net assets		356 655 418	358 917 301

KAMIESBERG MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2010

	Note	2010 R	2009 R
Revenue			
Property rates	26	2 928 172	2 287 834
Property rates - penalties imposed and collection charges	26	-	-
Service charges	27	7 660 059	7 709 824
Rental of facilities and equipment	28	74 853	-
Interest earned - external investments	29	28 845	-
Interest earned - outstanding receivables	30	1 398 154	-
Government grants and subsidies	31	17 550 629	10 224 712
Public contributions and donations	32	-	-
Other income	32	956 957	-
Total revenue		30 597 669	20 222 370
Expenses			
Employee related costs	33	8 281 923	8 255 694
Remuneration of councillors	34	1 525 043	-
Bad debts		4 934 130	-
Contribution to reserves		420 211	2 327 502
Depreciation and amortisation expense	35	3 848 491	-
Repairs and maintenance		822 520	402 373
Finance costs	36	27 418	-
Bulk purchases	37	3 755 107	2 236 223
Contracted services	38	-	-
Grants and subsidies paid	39	2 767 297	-
General expenses	40	3 767 344	4 147 629
Total expenses		30 149 486	17 369 420
Interest Received	41	34 664	-
(Impairment loss) / Reversal of impairment loss	42	-	-
Profit / (loss) on fair value adjustment	43	-	-
Inventories: (Write-down) / reversal of write-down to net realisable value	5	-	-
Surplus / (deficit) for the period		482 848	2 852 950

KAMIESBERG MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2010

	Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
Note	R	R	R	R	R
Balance at 30 June 2009				358 917 301	358 917 301
Surplus / (deficit) on revaluation of property of property, plant and equipment				-	-
<i>Other items</i>				-	-
<i>Ajusment prior year error</i>				(2 744 731)	(2 744 731)
Net gains and losses not recognised in the statement of financial performance				-	-
Transfers to / from accumulated surplus/(deficit)				-	-
Surplus / (deficit) for the period				482 848	482 848
Balance at 30 June 2010	-	-	-	356 655 418	356 655 418

KAMIESBERG MUNICIPALITY			
CASH FLOW STATEMENT			
as at 30 June 2010			
	Note	2010 R	2009 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Net cash flows from operating activities	44	3 295 322	
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(583 484)	
Proceeds from sale of fixed assets			
Proceeds from sale of investments		(481 293)	
Purchase of foreign currency securities			
Net cash flows from investing activities		(1 064 776)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		(285 241)	
Repayment of borrowings			
Proceeds from finance lease liability		(521 627)	
Repayment of finance lease liability			
Net cash flows from financing activities		(806 868)	-
Net increase / (decrease) in net cash and cash equivalents		1 423 678	-
Net cash and cash equivalents at beginning of period		(734 177)	-
Net cash and cash equivalents at end of period	45	689 500	-

KAMIESBERG MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2010

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

In accordance with section 122(3) of the Municipal Finance Management Act (Act 56 of 2003), the Municipality has adopted the Standards of GAMAP and GRAP issued by the Accounting Standards Board during the financial year. GAMAP and GRAP standards are fundamentally different to the fund accounting policies, adopted in previous years. Comparative amounts have been restated retrospectively to the extent possible. The effect of change in accounting policy arising from implementation of GAMAP and GRAP is set out in Note 47.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET

1.5 EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 Segment Reporting - issued March 2005
GRAP 21 Impairment of non-cash-generating assets
GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
GRAP 26 Impairment of cash-generating assets
GRAP 103 Heritage Assets - issued July 2008

In terms of Directive 4: "Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards:

GRAP 12- Inventories;
GRAP 13- Leases;
GRAP 16- Investment Property;
GRAP 17- Property, Plant and Equipment;
GRAP 19- Provisions, Contingent Liabilities and Contingent Assets;
GRAP 100- Non-current Assets Held for Sale and Discontinued Operations;
GRAP 102- Intangible Assets.

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are

When significant components of an item of property, plant and equipment have different useful lives, they are

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction),

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

2.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure	Years	Other	
Roads and Paving	10-30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10-20
Electricity	20-30	Other vehicles	5-7
Water	15-30	Office equipment	3-7
Sewerage	15-30	Furniture and fittings	7-10
		Watercraft	15
Community		Bins and containers	5
Buildings	10-30	Specialised plant and equipment	10-15
Recreational Facilities	10-30	Other items of plant and equipment	2-5
Security	10-30	Landfill sites	15
Halls	10-30	Quarries	25
Libraries	10-30	Emergency equipment	5-15
Parks and gardens	10-30	Computer equipment	5
Other assets	10-30		
Heritage assets			
Buildings	10-30		
Paintings and artifacts	10-30		
Finance lease assets			
Office equipment	10-30		
Other assets	10-30		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

2.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	5 Years
-------------------	---------

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

5 BIOLOGICAL ASSETS

5.1 INITIAL RECOGNITION

A biological asset or agricultural produce is recognised when, and only when:

- the municipality controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the municipality;
- and the fair value or cost of the asset can be measured reliably.

5.2 SUBSEQUENT MEASUREMENT

Biological assets are measured at their fair value less estimated point-of-sale costs.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic

A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows

An unconditional government grant related to a biological asset measured at its fair value less estimated point-of-

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated

6 NON-CURRENT ASSETS HELD FOR SALE

6.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

6.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

7 INVENTORIES

7.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

7.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

8 FINANCIAL INSTRUMENTS

8.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

8.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

8.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

8.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

8.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

8.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

9 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the investor has significant influence and which is neither a controlled entity nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The municipality exercises judgement in the context of all available information to determine if it has significant influence over an investee.

The equity method involves recognising the investment initially at cost, then adjusting for any change in the investor's share of net assets of the associate since it acquired it. A single line-item in the Statement of Financial Performance presents the investor's share of the associate's surplus or deficit for the year.

The municipality commences accounting for an investment in an associate from the date that significant influence exists and discontinues the application of the equity method when it no longer has significant influence over an associate. Investments that are retained in whole or in part are subsequently accounted for in accordance with the accounting policies on subsidiaries, joint ventures or financial instruments depending on the nature of the retained investment.

The municipality uses the most recent available financial statements of the associate in applying the equity method. Where the reporting periods of the associate and the municipality are different, separate financial statements for the same period are prepared by the associate unless it is impracticable to do so. When the reporting dates are different, the municipality makes adjustments for the effects of any significant events or transactions between the investor and the associate that occur between the different reporting dates. Adjustments are made to ensure consistency between the accounting policies of the associate and the municipality.

10 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

11 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

12 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

13 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

has a detailed formal plan for the restructuring identifying at least:	(a) The municipality
business concerned;	- the business or part of a
- the location, function, and approximate number of employees who will be compensated for terminating their services;	- the principal locations affected;
expenditures that will be undertaken; and	- the
plan will be implemented; and	- when the

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

14 LEASES

14.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

14.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

15 REVENUE

15.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

15.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

15.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

16 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

17 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

Cape Joint Retirement Fund

Cape Joint Retirement Fund

18 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by *the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs*

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

19 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

20 CONTINGENT LIABILITIES

All known contingent liabilities are reflected in the financial statements

21 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand		2 334	2 334
Cash at bank		687 167	319 573
Call deposits			
		<u>689 501</u>	<u>321 907</u>
The Municipality has the following bank accounts: -			
<u>Current Account (Primary Bank Account)</u>			
First National Bank Springbok: acc. Nu. 62022501440			
Cash book balance at beginning of year		<u>(1 056 084)</u>	
Cash book balance at end of year		<u>686 989</u>	<u>(1 056 084)</u>
Bank statement balance at beginning of year		<u>-</u>	
Bank statement balance at end of year		<u>-</u>	
<u>Current Account (Project Account)</u>			
First National Bank Springbok: Acc. Nu.71066612452			
Cash book balance at beginning of year		<u>319 573</u>	
Cash book balance at end of year		<u>178</u>	<u>319 573</u>
Bank statement balance at beginning of year		<u>14 439</u>	
Bank statement balance at end of year		<u>178</u>	<u>14 439</u>
<u>Cash on hand</u>		<u>689 501</u>	<u>1 377 991</u>
Total cash and cash equivalents		<u>689 501</u>	<u>321 907</u>
Total bank overdraft		<u>-</u>	<u>1 056 084</u>

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS			
<u>Trade receivables</u>			
as at 30 June 2010			
Service debtors			
Rates	3 206 868	(1 727 754)	1 479 114
Electricity	1 435 450	(773 373)	662 077
Water	2 054 827	(1 107 073)	947 754
Sewerage	383 483	(206 608)	176 875
Refuse	944 534	(508 884)	435 650
Old Services debtors	2 429 331	(1 308 843)	1 120 488
Total	10 454 493	(5 632 535)	4 821 958
as at 30 June 2009			
Service debtors			
Rates	938 412	(512 436)	425 977
Electricity	1 102 577	(602 081)	500 496
Water	3 107 902	(1 697 122)	1 410 780
Sewerage	710 426	(387 940)	322 486
Refuse	1 651 750	(901 966)	749 784
Old Services debtors	2 803 671	(1 530 991)	1 272 679
Total	10 314 738	(5 632 535)	3 409 523
<u>Rates: Ageing</u>			
Current (0 – 30 days)			
31 - 60 Days			
61 - 90 Days			
91 - 120 Days			
121 - 365 Days			
+ 365 Days			
Total		-	-
<u>Electricity, Water and Sewerage: Ageing</u>			
Current (0 – 30 days)			
31 - 60 Days			
61 - 90 Days			
91 - 120 Days			
121 - 365 Days			
+ 365 Days			
Total		-	-
<u>Summary of Debtors by Customer Classification</u>			
	Consumers	Industrial / Commercial	National and Provincial Government
	R	R	R
as at 30 June 2010			
Current (0 – 30 days)			
31 - 60 Days			
61 - 90 Days			
91 - 120 Days			
121 - 365 Days			
+ 365 Days			
Sub-total	-	-	-
Less: Provision for doubtful debts			
Total debtors by customer classification	-	-	-

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
2 Bad debt written off			
Bad debts to the amount of R have been written off during the year, therefore no additional provision for doubtful debts have been made			
3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS			
Insurance claims		-	-
Subsidies		-	1 323 813
Road reinstatements		-	-
Unauthorized expenditure (see Note 50.1)	Notes 1-10/A686	40 284	-
Other debtors		2 858 039	2 737 723
Prepayments (if not material)		-	-
Total Other Debtors		2 898 324	4 061 536
4 OTHER NON-CURRENT FINANCIAL ASSETS			
Other non-current financial assets		-	-
4 OTHER CURRENT FINANCIAL ASSETS			
Other current financial assets		-	-
5 INVENTORIES			
Opening balance of inventories:		-	-
Consumable stores - at cost		-	-
Maintenance materials - at cost		-	-
Spare parts - at net realisable value		-	-
Other goods held for resale - at cost		-	-
Water		-	-
6 PREPAYMENTS			
Prepaid expenses		-	-
7 INVESTMENTS			
Momentum Bank 3D Gearing Plan		488 107	-
First National Bank Springbok: Acc. Nu.71066612452		3 635	-
First National Bank Springbok: Acc. Nu.62012466018		1 578	-
First National Bank Springbok: Acc. Nu.62117682791		154 845	-
First National Bank Springbok: Acc. Nu.62117684606		297	-
First National Bank Springbok: Acc. Nu.62182751729		11 722	-
First National Bank Springbok: Acc. Nu.71053360915		90 764	-
First National Bank Springbok: Acc. Nu.71059354764		100 860	-
First National Bank Springbok: Acc. Nu.71066493307		22 870	-
Call investments		386 570	393 384
		874 677	393 384
Momentum Bank 3D Gearing Plan amounting to R488107 (2009: Rxxx) have been ring-fenced to serve as security for approved bank overdraft of R500000.			
8 NON-CURRENT RECEIVABLES			
HOUSING SELLING SCHEME LOANS			
terms and conditions			
OTHER LONG TERM LOANS			
terms and conditions			

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note	2010 R	2009 R
------	-----------	-----------

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
9 CONSTRUCTION CONTRACT RECEIVABLES			
Contracts in progress at reporting date:			
Construction contract receivables			
10 INVESTMENTS			
<u>Financial Instruments</u>			
Fixed Deposits			
Listed Investments			
Other Investments			
Pledged Investments			

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

11 PROPERTY, PLANT AND EQUIPMENT

11.1 Reconciliation of Carrying Value

	Land	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R
as at 1 July 2009	328 210 799	32 575 715	-	-	653 953	605 889	362 046 357
Cost/Revaluation	328 210 799	92 206 780			3 469 954	828 901	424 716 434
Correction of error (note 48)							-
Change in accounting policy (note 47)							-
Accumulated depreciation and impairment losses	-	59 631 065			2 816 001	223 011	62 670 077
Acquisitions	-	-	-	-	239 596	343 887	583 484
Capital under Construction	-	3 970 167	-	-	-	-	3 970 167
Depreciation	-	3 428 964	-	-	190 701	228 826	3 848 491
Carrying value of disposals	-	-	-	-	-	-	-
Cost/Revaluation		-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-
as at 30 June 2010	328 210 799	33 116 918	-	-	702 848	720 951	362 751 517
Cost/Revaluation	328 210 799	96 176 947	-	-	3 709 550	1 172 788	429 270 085
Accumulated depreciation and impairment losses	-	63 060 029	-	-	3 006 702	451 837	66 518 568

*Other movements consist of

Refer to Appendix B for more detail on property, plant and equipment

[App B'IA1](#)

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
11.2 Property, plant and equipment pledged as security			
11.3 Capitalised expenditure			
11.4 Compensation received for losses on property, plant and equipment – included in operating surplus			
11.5 Details of valuation			
11.6 Other information			
11.7 Details of property			

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
--	------	-----------	-----------

12 INTANGIBLE ASSETS

12.1 Reconciliation of carrying value

as at 1 July 2009

Cost
Correction of error (note 48)
Change in accounting policy (note 47)
Accumulated amortisation and impairment losses

Computer Software	Other	Total
R	R	R
-	-	-
		-
		-
		-

12.2 Intangible assets with indefinite useful lives (disclose the following);

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note	2010 R	2009 R
------	-----------	-----------

13 INVESTMENT PROPERTY CARRIED AT COST

13.1 Reconciliation of carrying value

as at 1 July 2009

Cost

Correction of error (note 48)

Change in accounting policy (note 47)

Accumulated depreciation and impairment losses

Investment R	Investment R	Total R
-	-	-
		-
		-
		-

13.2 Investment property pledged as security

13.3 Fair value of investment property carried at cost:

13.4 If the fair value can not be determined, the following should be disclosed:

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
13.5 Details of property:			
13.6 Rental income from investment property			
Direct operating expenses from rental generating property			
Direct operating expenses from non-rental generating property			

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

14 BIOLOGICAL ASSETS

14.1 Reconciliation of Carrying Value	Trees in plantation	Maize	Wheat	Sheep	Pigs
	R	R	R	R	R
as at 1 July 2009	-	-	-	-	-
Cost/Valuation					
Correction of error (note 48)					
Change in accounting policy (note 47)					
Accumulated depreciation and impairment losses					

14.2 Non-financial information

Quantities of each biological asset

Trees in plantation
Maize
Wheat
Sheep
Pigs
Dairy Cattle
Other Assets

14.3 Biological assets pledged as security

14.4 Assets carried at cost and accumulated depreciation and impairment losses

14.5 Methods and assumptions used in determining the fair value

Fair value less estimated point-of-sale costs of agricultural produce harvested
14.6 during the period, determined at the point of harvest

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
15 NON-CURRENT ASSETS HELD FOR SALE			
Property, plant and equipment			
Investment property			
Other assets			
		-	-
		-	-
16 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS			
Trade creditors		6 501 589	7 251 399
Payments received in advance		766 383	209 017
Other creditors		544 138	1 378 111
Total creditors		7 812 110	8 838 527
The fair value of trade and other payables approximates their carrying amounts.			
17 CONSUMER DEPOSITS			
Electricity and Water		17 977	14 372
Accrued interest			
Total consumer deposits		17 977	14 372
Guarantees held in lieu of Electricity and Water Deposits			
18 VAT RECEIVABLE			
VAT receivable		162 172	462 230
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.			
19 TAXES AND TRANSFERS PAYABLE (NON-EXCHANGE)			
Taxes and transfers payable			

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note	2010 R	2009 R
20 PROVISIONS		
Performance bonus	225 688	
Provision for leave	785 280	541 510
Other provisions		
Total Provisions	1 010 967	541 510

Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exist.

The balance of the performance bonus provisions relate to amounts not yet paid to certain employees due to disputes over the assessment process. Also see note 54.

[Notes15-61\A1](#)

The movement in current provisions are reconciled as follows: -

	Performance Bonus	Provision for leave
as at 1 July 2009	0	541 510
Contributions to provision	225 688	243 770
Expenditure incurred	-	-
as at 30 June 2010	225 688	785 280

21 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

21.1 Unspent Conditional Grants from other spheres of Government

MIG Grants	4 582 408	
MSIG	123 162	
Other	172 913	

21.2 Other Unspent Conditional Grants and Receipts

Other		
Other		

Total Unspent Conditional Grants and Receipts

4 878 483	-
------------------	----------

Non-current unspent conditional grants and receipts

Current portion of unspent conditional grants and receipts

See Note 31 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.

[Notes15-61\A291](#)

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
22 BORROWINGS			
Other borrowings: DBSA		1 072 740	1 327 143
		1 072 740	1 327 143
Less : Current portion transferred to current liabilities		147 702	91 287
Other borrowings		147 702	91 287
Total borrowings		925 038	1 235 856

Refer to Appendix A for more detail on borrowings.

[App A1A1](#)

23 FINANCE LEASE LIABILITY

2010

Amounts payable under finance leases

	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Within one year	228 826	27 418	
Within two to five years			
	228 826	27 418	521 627
Less: Amount due for settlement within 12 months (current portion)			228 826
			750 453

The average lease term is 5 years and the average effective borrowing rate is x%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and other escalate between x% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

24 OTHER FINANCIAL LIABILITIES

24.1 OTHER NON-CURRENT FINANCIAL LIABILITIES

Other non-current financial liabilities

=====

24.2 OTHER CURRENT FINANCIAL LIABILITIES

Other current financial liabilities

=====

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
25 NON-CURRENT PROVISIONS			
Provision for rehabilitation of landfill sites			
Provision for long-service awards			
Total Non-Current Provisions		-	-
26 PROPERTY RATES			
<u>Actual</u>			
Residential			
Commercial			
Light Industries			
Heavy Industries			
State			
Total property rates		2 928 172	-
Property rates - penalties imposed and collection charges			
Total		2 928 172	-
<u>Valuations</u>			
Residential		331 719 298	
Commercial		42 978 244	
State		19 892 500	
Public Infrastructure		7 000	
Agricultural		427 661 500	
Municipal		313 319 017	
Total Property Valuations		1 135 577 559	-

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations.

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
27 SERVICE CHARGES			
Sale of electricity		3 501 580	
Sale of water		2 222 367	
Refuse removal		1 180 652	
Sewerage and sanitation charges		755 460	
Total Service Charges		7 660 059	-
28 RENTAL OF FACILITIES AND EQUIPMENT			
Rental of facilities		74 853	
Rental of equipment			
Other rentals			
Total rentals		74 853	-
29 INTEREST EARNED - EXTERNAL INVESTMENTS			
Bank		28 845	
Financial assets			
Other			
Total interest		28 845	
30 INTEREST EARNED - OUTSTANDING RECEIVABLES			
Assesment Rates		187 310	
Services		639 921	
Sundry debtors		570 923	
Total interest		1 398 154	
31 GOVERNMENT GRANTS AND SUBSIDIES			
Equitable share		7 700 831	
MIG Grant		8 074 917	
Other Government Grants and Subsidies		1 774 881	
Total Government Grant and Subsidies		17 550 629	-
31.1 Equitable Share			
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R 138.00, which is funded from the grant.			
31.2 MIG Grant			
Balance unspent at beginning of year		485 874	-
Current year receipts		8 074 917	676 126
Conditions met - transferred to revenue		-3 978 383	1 162 000
Conditions still to be met - remain liabilities (see note 21)	Notes15-61\A124	4 582 408	485 874
31.3 Other Government Grants and Subsidies			
FMG GRANT			
Balance unspent at beginning of year		104 485	-
Current year receipts		750 000	604 485
Conditions met - transferred to revenue		-854 485	500 000
Conditions still to be met - remain liabilities (see note 21)	Notes15-61\A124	-	(104 485)
MSIG GRANT			
Balance unspent at beginning of year		162 862	284 880
Current year receipts		850 000	857 018
Conditions met - transferred to revenue		-889 700	735 000
Conditions still to be met - remain liabilities (see note 21)	Notes15-61\A124	123 162	162 862
UPGRADING LIBRARY			
Balance unspent at beginning of year		120 794	-
Current year receipts		174 881	82 206
Conditions met - transferred to revenue		(122 762)	203 000
Conditions still to be met - remain liabilities (see note 21)	Notes15-61\A124	172 913	120 794
31.4 Changes in levels of government grants			

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note	2010 R	2009 R
Based on the allocations set out in the Division of Revenue Act, (Act ...of 20X2), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note	2010 R	2009 R
32 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS		
32.1 Other income	956 957	
Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 50) Notes15-61/A684		
Total Other Income	956 957	-

33 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	6 217 288	
Employee related costs - Contributions for UIF, pensions and medical aids	919 842	
Travel, motor car, accommodation, subsistence and other allowances	299 961	
Housing benefits and allowances	80 573	
Overtime payments	221 718	
Performance and other bonuses	391 888	
Long-service awards		
Other employee related costs	150 652	
Total Employee Related Costs	8 281 923	-

There were no advances to employees / Loans to employees are set out in note 3.

Remuneration of the Municipal Manager

Annual Remuneration	444 379	
Performance- and other bonuses		
Travel, motor car, accommodation, subsistence and other allowances	110 888	
Contributions to UIF, Medical and Pension Funds	1 497	
Total	556 764	-

Remuneration of the Chief Finance Officer

Annual Remuneration		
Performance- and other bonuses		
Travel, motor car, accommodation, subsistence and other allowances		
Contributions to UIF, Medical and Pension Funds		
Total		

Remuneration of Individual Executive Directors

	Technical Services R	Corporate Services R	Community Services R
2010			
Annual Remuneration			
Performance- and other bonuses			
Travel, motor car, accommodation, subsistence and other allowances			
Contributions to UIF, Medical and Pension Funds			
Total	-	-	-

	Technical Services R	Corporate Services R	Community Services R
2009			
Annual Remuneration			
Performance- and other bonuses			
Travel, motor car, accommodation, subsistence and other allowances			
Contributions to UIF, Medical and Pension Funds			
Total	-	-	-

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note	2010 R	2009 R
34 REMUNERATION OF COUNCILLORS		
Mayor	218 483	
Councillors	918 927	
Councillors' pension and medical aid contributions	57 989	
Councillors' allowances	329 645	
Total Councillors' Remuneration	1 525 043	-
In-kind Benefits		
The Mayor is full-time, and is provided with an office and secretarial support at the cost of the Council.		
35 DEPRECIATION AND AMORTISATION EXPENSE		
Property, plant and equipment	3 848 491	
Intangible assets	-	
Investment property carried at cost	-	
Biological assets carried at cost	-	
Total Depreciation and Amortisation	3 848 491	-
36 FINANCE COSTS		
Borrowings	27 418	
Consumer deposits	-	
Bank overdrafts	-	
Total Finance Costs	27 418	-
37 BULK PURCHASES		
Electricity	3 596 452	2 126 624
Water	158 655	109 599
Total Bulk Purchases	3 755 107	2 236 223
38 CONTRACTED SERVICES		
Contracted services for: (provide details) (provide details)		
39 GRANTS AND SUBSIDIES PAID		
Grant/subsidy	2 767 297	
	2 767 297	-

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
40 GENERAL EXPENSES			
Included in general expenses are the following:-			
Advertising		10 252	
Admin fees			
Audit fees		230 000	
Bank charges		131 919	
Chemicals		4 000	
Cleaning		1 128	
Conferences and delegations			
Connection charges			
Consulting fees			
Consumables		18 145	
Debt collection commission			
Departmental consumption		3 812	
Emergency fund		57 989	
Financial management grant		891 136	
Fuel and oil		281 224	
Insurance		509 557	
Legal expenses		185 826	
Levies paid		3 757.50	
Licence fees - vehicles		25 722	
Licence fees - computers			
Membership fees		72 164	
Parking			
Postage		60 622	
Printing and stationery		125 587	
Public Participation		43 441	
Rental of buildings		1 600	
Rental of office equipment			
Rental of computer equipment			
Other rentals		2 791	
Signs		19 273	
Sampeling Water		84 284	
Skills development levies			
Stocks and material			
Subscription & publication			
Telephone cost		552 280	
Training		39 845	
Tourism		11 493	
Travel and subsistence		371 163	
Uniforms & overalls		13 784	
Valuation costs			
Other		14 551	
		3 767 344	-
41 INTEREST RECEIVED			
Interest Received		34 664	
		34 664	-

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
42 IMPAIRMENT LOSS / (REVERSAL OF IMPAIRMENT LOSS)			
Total Impairment loss / (Reversal of Impairment Loss)			
Value in use			
Fair value less cost to sell			
Sensitivity of key assumptions			

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note	2010 R	2009 R
43 PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENT		
Total Profit / (Loss) on Fair Value Adjustment		
44 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	482 848	2 852 950
Adjustment for:-		
Depreciation and amortisation	3 848 491	-
(Gain) / loss on sale of assets	(34 664)	-
Contribution to provisions - non-current		
Contribution to provisions - current		
Finance costs	27 418	-
Fair value adjustments	-	-
Impairment loss / (reversal of impairment loss)	-	-
Interest earned	1 427 000	-
Other non-cash item		
Operating surplus before working capital changes:	5 751 093	2 852 950
(Increase)/decrease in inventories		
(Increase)/decrease in trade receivables	(1 412 435)	
(Increase)/decrease in other receivables	1 163 213	
(Increase)/decrease in VAT receivable	300 058	
Increase/(decrease) in conditional grants and receipts	4 878 483	
Increase/(decrease) in trade payables	(1 026 418)	
Increase/(decrease) in consumer deposits	3 605	
Increase/(decrease) in VAT payable		
Other asset		
Other liability	(6 362 277)	
Cash generated by/(utilised in) operations	3 295 322	2 852 950
45 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	689 501	
Bank overdrafts	-	
Net cash and cash equivalents (net of bank overdrafts)	689 501	-
46 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term liabilities (see Note 22)	Notes15-61!A135	1 072 740
Used to finance property, plant and equipment – at cost		
Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. Debt represent a soft loan and will be written of by DBSA if certain criteria have been met.		

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note	2010 R	2009 R
47 CHANGE IN ACCOUNTING POLICY		
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and changes to existing policies:		
47.1 Statutory Funds		
Balance previously reported: -		
Revolving Fund	1 992 171	
Other Funds no longer permitted	3 166 085	
Loans redeemed and other capital receipts	27 798 888	
Total	32 957 144	-
Implementation of GRAP		
Transferred to Accumulated Surplus/(Deficit) (see 47.7 below)	32 957 144	
Transferred to Government Grant Reserve		
Transferred to Capitalisation Reserve		
47.2 Provisions and Reserves		
Balance previously reported		
Valuation Roll Reserve		
Staff Bursary Reserve		
Total	-	-
Implementation of GRAP		
Transferred to Accumulated Surplus/(Deficit) (see 47.7 below)		
47.3 Inventory		
Balance previously reported		
Implementation of GRAP		
Transferred to Accumulated Surplus/(Deficit) (see 47.7 below)		
Change from first-in-first-out to weighted average method		
Total	-	-
47.4 Non-current provisions		
Balance previously reported -		
Implementation of GRAP		
Transferred to Accumulated Surplus/(Deficit) (see 47.7 below)		
Long-service		
Total	-	-
47.5 Property, plant and equipment		
Balance previously reported		
Implementation of GRAP		
Infrastructure previously not recorded credited to Accumulated Surplus/(Deficit) (see 47.7 below)	393 490 962	
Total	393 490 962	-
47.6 Accumulated Depreciation		
Balance previously reported -		
Implementation of GRAP		
Backlog depreciation: Land and buildings		
Backlog depreciation: Infrastructure		
Backlog depreciation: Community		
Backlog depreciation: Other	(62 447 789)	
Total (debited to Accumulated Surplus/(Deficit)) (see 47.7 below)	(62 447 789)	
47.7 Accumulated Surplus/(Deficit)		
Implementation of GRAP		
Adjustments to inventory (see 47.3 above)		
Excessive provisions and reserves no longer permitted (see 47.2 above)		
Non-current provisions previously not recognised (see 47.4 above)		
Transferred from statutory funds (see 47.1 above)	32 957 144	
Fair value of Property, Plant and Equipment previously not recorded (see 47.5 above)	393 490 962	
Backlog depreciation (see 47.6 above)	(62 447 789)	
Total	364 000 317	-

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note

2010

R

2009

R

48 CORRECTION OF ERROR

During the year ended 30 June 20XX, improvements to library buildings were erroneously expensed as repairs and maintenance: -

The comparative amount has been restated as follows:

Corrections of improvements to library buildings expensed as repairs and maintenance

Depreciation

Net effect on surplus/(deficit) for the year

Assets

Liabilities

Net effect on Statement of Financial Position

Net effect on Accumulated surplus opening balance

49 CHANGE IN ESTIMATE

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

50 DISALLOWED

50.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance

Unauthorised expenditure current year

Approved by Council or condoned

Transfer to receivables for recovery

Unauthorised expenditure awaiting authorisation

Incident

Disciplinary steps/criminal proceedings

Municipal Manager withdraw R1300

CFO withdraw of R16 000

Shortbankings during the year R22 984

50.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance -

Fruitless and wasteful expenditure current year

Condoned or written off by Council

To be recovered – contingent asset (see note 55)

Fruitless and wasteful expenditure awaiting condonement

Incident

Disciplinary steps/criminal proceedings

Unbudgeted expenditure

Disciplinary hearing held on xxx

50.3 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance

Fruitless and wasteful expenditure current year

Condoned or written off by Council

Transfer to receivables for recovery – not condoned

Irregular expenditure awaiting condonement

Incident

Disciplinary steps/criminal proceedings

Non-adherence to Supply Chain

Disciplinary hearing

Notes15-61!A883

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE			
51 MANAGEMENT ACT			
51.1 Contributions to organised local government			
Opening balance			
Council subscriptions			
Amount paid - current			
Amount paid - previous years			
Balance unpaid (included in payables)		-	-
51.2 Audit fees			
Opening balance			
Current year audit fee			
Amount paid - current year			
Amount paid - previous years			
Balance unpaid (included in payables)		-	-
The balance unpaid represents the audit fee for an interim audit conducted during May and June 20X2 and is payable by 31 July 20X2.			
51.3 VAT			
VAT input receivables and VAT output payables are shown in note 18. All VAT returns have been submitted by the due date throughout the year.			
51.4 PAYE and UIF			
Opening balance			
Current year payroll deductions		734 998	
Amount paid - current year			
Amount paid - previous years			
Balance unpaid (included in payables)		734 998	-
The balance represents PAYE and UIF deducted from the June 20X2 payroll. These amounts were paid during July 20X2.			
51.5 Pension and Medical Aid Deductions			
Opening balance			
Current year payroll deductions and Council Contributions		1 329 740	
Amount paid - current year			
Amount paid - previous years			
Balance unpaid (included in payables)		1 329 740	-
The balance represents pension and medical aid contributions deducted from employees in the June 20X2 payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 20X2.			
51.6 Councillor's arrear consumer accounts			
The following Councillors had arrear accounts outstanding for more than 90 days as at: -			
	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
as at 30 June 2010			
Mervin John Cloete	3 694	888	2 806
	-		
	-		
Total Councillor Arrear Consumer Accounts	3 694	888	2 806
51.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act			
52 CAPITAL COMMITMENTS			
52.1 Commitments in respect of capital expenditure			
- Approved and contracted for		4 690 810	616 479
Infrastructure		3 703 520	616 479
Community		987 290	-
Heritage			
Other			
- Approved but not yet contracted for		-	-
Infrastructure			

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
Community			
Heritage			
Other			
Total		4 690 810	616 479

This expenditure will be financed from:

- External Loans			
- Government Grants		4 690 810	616 479
- Own resources			
- District Council Grants			
		4 690 810	616 479

52.2 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

Within one year
In the second to fifth year inclusive
After five years

Total	-	-
--------------	---	---

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
53 RETIREMENT BENEFIT INFORMATION			
53.1 Defined contribution plan			
The following are defined contribution plans: xxxxxxxxxxxxxxxx. These contributions have been expensed.			
53.2 Defined benefit plan			
Certain employees of the municipality belong to the xxx Fund, a multi-employer plan / state plan. The most recent actuarial valuation was done on x. These valuations indicate that the plan is in a sound financial position. The estimated liabilities of the fund are Rx million which are adequately funded by assets of Rx million.			
An amount of Rxxx (20X0 : Rxxx) was contributed by Council in respect of Councillors and employees retirement funding. These contributions have been expensed and are included in employee related costs for the year.			
54 CONTINGENT LIABILITY			
54.1 Claim for damages			
		<hr/> <hr/>	
55 CONTINGENT ASSET		None	
56 IN-KIND DONATIONS AND ASSISTANCE		None	
57 RELATED PARTIES			
Joint Ventures		None	
Associates		None	
Members of key management		None	
Close family member of key management		None	
Post employment benefit plan for employees of municipality and/or other related parties			
Other related party relationships		None	
Compensation to councillors and other key management (refer to note 33 & 34)			

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
Related party balances			
Related party transactions			
58 EVENTS AFTER THE REPORTING DATE	None		
59 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS			
The following areas involve a significant degree of estimation uncertainty:			
Useful lives and residual values of property, plant, and equipment			
Recoverable amounts of property, plant and equipment			
Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)			
Present value of defined benefit obligation			
Fair value of plan assets			
Provision for doubtful debts			
Impairment of assets			
Provision for long-term service award			
Other			
The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:			
Impairment of assets			
Provisions			
Other			
60 RISK MANAGEMENT			
60.1 Maximum credit risk exposure			
Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.			
Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.			

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
60.2 Liquidity risk			
<p>The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.</p> <p>Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.</p>			
60.3 Interest rate risk			
<p>The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk.</p> <p>At year end, financial instruments exposed to interest rate risk were as follows:</p> <ul style="list-style-type: none"> - Call deposits - Notice deposits - Long term annuity - Development Bank of South Africa loan - FNB overdraft 			
60.4 Other price risk	None		

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
61 RESTATEMENT OF COMPARATIVE INFORMATION			
Even though that it is the first time that the Municipality prepared its financial statements in the GRAP format comparative information were also converted to GRAP standards where possible.			
62 COMPARISON WITH THE BUDGET			
The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2)			

KAMIESBERG MUNICIPALITY

APPENDIX A

SCHEDULE OF EXTERNAL LOANS

as at 30 June 2010

		Loan number	Redeemable Date	Balance at 30 June 2009	Received during the period	Redeemed / written off during the period	Balance at 30 June 2010	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
EXTERNAL LOANS				R	R	R	R	R	R
LONG-TERM LOANS									
DBSA				1 327 143		254 403	1 072 740		
FINANCE LEASE LIABILITY									
Nashua				979 279		228 826	750 453		
Total Government Loans									
TOTAL EXTERNAL LOANS				2 306 422		483 229	1 823 193		

KAMIESBERG MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R
Land Buildings												
Land	328 210 799	-	-	-	328 210 799	-	-	-	-	-	-	-
Landfill Sites					-					-		
Quarries					-					-		
	328 210 799	-	-	-	328 210 799	-	-	-	-	-	-	-
Infrastructure												
Roads	19 360 000	-	-		19 360 000	16 039 983	368 000			16 407 983		
Sewerage Network	9 604 900	-	-		9 604 900	6 686 635	399 495			7 086 130		
Electricity Network	25 975 180	-	-	3 970 167	29 945 347	18 271 174	798 134			19 069 308		
Water Network	37 266 700	-	-		37 266 700	18 633 273	1 863 335			20 496 608		
	92 206 780	-	-	3 970 167	96 176 947	59 631 065	3 428 964	-	-	63 060 029	-	-
Community Assets												
Parks & Gardens												
	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets												
Historical Buildings					-					-		
Paintings & Artifacts					-					-		
	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	420 417 579	-	-	3 970 167	424 387 747	59 631 065	3 428 964	-	-	63 060 029	-	-

KAMIESBERG MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	420 417 579	-	-	3 970 167	424 387 747	59 631 065	3 428 964	-	-	63 060 029	-	-
Other Assets												
Office Equipment	376 250	-	-		376 250	375 839	-			375 839		
Motor vehicles	2 752 579	81 000	-		2 833 579	2 099 983	162 427			2 262 410		
Computer Equipment	227 125	68 596	-		295 721	226 972	10 289			237 261		
Other Assets	114 000	90 000			204 000	113 207	17 985			131 192		
	3 469 954	239 596	-	-	3 709 550	2 816 001	190 701	-	-	3 006 702	-	-
Finance Lease Assets												
Office Equipment	828 901	343 887			1 172 788	223 011	228 826			451 837		
Other Assets	828 901	343 887	-	-	1 172 788	223 011	228 826	-	-	451 837	-	-
Total	424 716 434	583 484	-	3 970 167	429 270 085	62 670 077	3 848 491	-	-	66 518 568	-	-

Carrying Value
R
328 210 799
-
-
328 210 799
2 952 017
2 518 770
10 876 039
16 770 092
33 116 918
-
-
-
-
361 327 718

Carrying Value
R
361 327 718
411
571 169
58 460
72 808
<hr/> 702 848
720 951
<hr/> 720 951
<hr/>362 751 517

KAMIESBERG MUNICIPALITY
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R
Council	328 210 799	-	-	-	328 210 799				-	328 210 799
Municipal Manager	32 130	18 553		-	50 683	17 893	2 783		20 676	30 007
Administration	173 155	28 597		-	201 751	53 221	3 217		56 438	145 313
Technical & Roads Properties	22 273 529	171 000		-	22 444 529	18 434 072	549 484		18 983 555	3 460 973
Chief Financial Officer	1 175 741	365 335			1 541 075	569 513	232 043		801 557	739 519
Electricity	25 975 180		3 970 167		29 945 347	18 271 174	798 134		19 069 308	10 876 039
Water	37 266 700				37 266 700	18 633 273	1 863 335		20 496 608	16 770 092
Sewerage	9 604 900				9 604 900	6 686 635	399 495		7 086 130	2 518 770
Cleansing					-				-	-
Cemetery					-				-	-
Caravan Park					-				-	-
Commonage					-				-	-
Economic Development	4 300				4 300	4 296			4 296	4
Total	424 716 434	583 484	3 970 167	-	429 270 085	62 670 077	3 848 491	-	66 518 568	362 751 517

KAMIESBERG MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2010

2009				2010		
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R		R	R	R
2 049 251	1 572 657	476 595	Council		3 489 697	(3 489 697)
-	860 597	(860 597)	Municipal Manager	34 664	1 092 296	(1 057 632)
102 610	1 993 797	(1 891 187)	Administration	303 098	2 543 343	(2 240 244)
1 205 001	1 003 249	201 753	Technical & Roads	8 096 311	1 707 631	6 388 680
		-	Properties	72 521		72 521
10 777 088	4 276 649	6 500 439	Chief Financial Officer	13 443 070	9 328 361	4 114 709
1 924 593	2 353 848	(429 255)	Electricity	3 656 082	5 464 742	(1 808 660)
2 283 188	2 922 772	(639 584)	Water	2 670 434	3 575 580	(905 146)
1 829 906	2 004 879	(174 973)	Sewerage	2 313 964	2 496 676	(182 712)
2 909		2 909	Cemetery	1 943		1 943
26 978	13 604	13 373	Caravan Park	24 366	2 044	22 322
20 846	53 775	(32 929)	Commonage	15 879	52 210	(36 331)
	313 594	(313 594)	Economic Development		396 906	(396 906)
20 222 370	17 369 420	2 852 950		30 632 333	30 149 486	482 847
			Less: Inter-Department Charges			
20 222 370	17 369 420	2 852 950	Total	30 632 333	30 149 486	482 847

APPENDIX E(1)
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010

REVENUE	<u>2010</u> <u>Actual (R)</u>	<u>2010</u> <u>Budget (R)</u>	<u>2010</u> <u>Variance (R)</u>	<u>2010</u> <u>Variance (%)</u>	<u>Explanation of Significant Variances</u> <u>greater than 10% versus Budget</u>
Property rates	2 928 172	3 391 880.00	463 707.85	14%	Over budgeted
Property rates - penalties imposed and collection charges	-	-	-	0%	
Service charges	7 660 059	13 653 227.00	5 993 168.50	44%	Over budgeted
Rental of facilities and equipment	74 853	824 978.00	750 125.27	91%	Over budgeted
Interest earned - external investments	28 845	27 397.00	-1 448.22	-5%	In line
Interest earned - outstanding debtors	1 398 154	629 158.00	-768 996.43	-122%	Underbudgeted.
Fines		360 500.00	360 500.00	100%	Over budgeted
Licences and permits		343 336.00	343 336.00	100%	Over budgeted
Government grants and subsidies	17 550 629	9 468 059	-8 082 570.20	-85%	Underbudgeted.
Other income	956 957	488 095.00	-468 862.00	-96%	Underbudgeted.
Public contributions, donated/contributed PPE	-	-	-		
Gains on disposal of property, plant and equipment	-	-	-		
Total Revenue	30 597 669	29 186 630	(1 874 747)		
EXPENDITURE					
Employee related costs	8 281 923	9 942 024	1 660 101	17%	Over budgeted
Remuneration of councillors	1 525 043	1 935 367.20	410 324	21%	Over budgeted
Bad debts	4 934 130	2 136 607.00	(2 797 523)	-131%	Underbudgeted, being approved by Council
Contribution to reserves	420 211	239 780	(180 431)	-75%	Underbudgeted.
Depreciation and amortisation expense	3 848 491	-	(3 848 491)	-100%	Underbudgeted.
Repairs and maintenance	822 520	1 868 720	1 046 200	56%	Over budgeted
Finance costs	27 418	-	(27 418)	-100%	Underbudgeted.
Bulk purchases	3 755 107	3 280 305	(474 802)	-14%	Underbudgeted.
Contracted services		88 000	88 000	100%	Over budgeted
Grants and subsidies paid	2 767 297	1 538 515.00	(1 228 782)	-80%	Underbudgeted.
General expenses	3 767 344	3 556 826	(210 518)	-6%	In line.
Total Expenditure	30 149 486	24 586 145	(5 563 341)		
NET SURPLUS/(DEFICIT) FOR THE YEAR	448 184	4 600 485	3 688 594		

APPENDIX E(2)
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2010

	<u>2010 Actual</u>	<u>2010 Under Construction</u>	<u>2010 Total Additions</u>	<u>2010 Budget</u>	<u>2010 Variance</u>	<u>2010 Variance</u>	<u>Explanation of Significant Variances greater than 5% versus Budget</u>
	R	R	R	R	R	%	<i>(Explanations to be recorded)</i>
Council							
Municipal Manager			-				
Administration			-	-	-	-	
Technical & Roads			-	-	-	-	
Properties			-	-	-	-	
Chief Financial Officer			-	-	-	-	
Electricity		3 970 167	3 970 167	6 370 000.00	-	-	<i>Projects still under construction</i>
Water			-	-	-	-	
Sewerage			-	-	-	-	
Cemetery			-	-	-	-	
Caravan Park			-	-	-	-	
Commonage			-	-	-	-	
Economic Development			-	-	-	-	
			-	-	-	-	
			-	-	-	-	
	-		-				
TOTAL	-	3 970 167.44	3 970 167.44	6 370 000.00	-	-	

APPENDIX F

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant and Subsidies Received

Name of Grants	Name of organ of state																			Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in	Reason for non-compliance
		Quarterly Receipts						Quarterly Expenditure						Grants and Subsidies delayed / withheld								
		March	June	Sept	Dec	March	Total	March	June	Sept	Dec	March	Total	March	June	Sept	Dec	March				
MSIG	National Treasury (Vote 8)			850 000			850 000		281 000	114 000	57 000	438 000	890 000					-40 000	Needs and ..	Yes		
FMG	Provincial and Local Government (Vote 5)			750 000			750 000		220 000	51 000	239 000	244 000	754 000					-4 000	Needs and expatation were	Yes		
MIG	Provincial and Local Government (Vote 5)					6 383 000	6 383 000		1 340 000	236 000	518 000	1 893 000	3 987 000						Funds wwere made available	Yes		
Library	Sport, Arts and Culture			227 000			227 000		54 087				54 087					172 913	Problem with the ..	Yes		
Equitable Share	National Treasury			3 108 358	2 486 686	1 958 787	7 553 831			3 108 358	2 486 686	1 958 787	7 553 831					-		Yes		